

IRS TAX TIP 2003-52

ALTERNATIVE MINIMUM TAX

Before mailing your federal income tax return, check to make sure you aren't subject to the alternative minimum tax (AMT). The IRS says that in recent years, more and more people have found themselves subject to the AMT.

The tax law gives preferential treatment to some kinds of income and allows special deductions and credits for some kinds of expenses. Taxpayers who benefit from these provisions of the law may have to pay an additional tax called the alternative minimum tax. It is a separate tax computation that, in effect, eliminates many deductions and credits and creates a tax liability for an individual who would otherwise pay little or no tax.

You may have to pay AMT if your taxable income for regular tax purposes, combined with certain adjustment and tax preference items, is more than:

- \$49,000 if you are married filing a joint return,
- \$35,750 if you are single or head of household, or
- \$24,500 if you are married filing a separate return.

The more common adjustments and tax preference items include: personal exemptions, standard or certain itemized deductions, state and local tax refunds, accelerated depreciation of certain property, the difference between gain and loss on the sale of property, incentive stock options, depletion allowances, intangible drilling costs and certain tax-exempt interest.

If you meet the criteria noted above and have several of the listed tax preference items, you should determine whether you might be liable for AMT. For details, see the instructions for Form 1040, line 43, and Form 6251, "Alternative Minimum Tax," and its instructions.

Form 6251 and its instructions are available at the IRS Web site at *IRS.gov* under "Forms and Publications." You may also call and order them at toll free 1-800-TAX-FORM (1-800-829-3676).

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